

*Braemore*

**ANNUAL REPORT**

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**HOUSE OF BRAEMORE FURNITURE LIMITED**

**December 29, 1973**

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**DIRECTORS :**

WILLIAM H. SINGER  
HARVEY K. WEINER  
\*SCHUYLER M. SIGEL  
\*ARTHUR ZALDIN, Q.C.  
\*WILFRED POSLUNS

**OFFICERS :**

WILLIAM SINGER, Chairman of the Board  
HARVEY K. WEINER, President and General Manager  
WILFRED POSLUNS, Secretary and Treasurer

**TRANSFER AGENTS  
AND REGISTRAR :**

CROWN TRUST COMPANY

**BANKERS :**

BANK OF MONTREAL

**AUDITORS :**

JORDAN AND JORDAN AND HERLICK,  
Chartered Accountants

**LISTED ON :**

TORONTO STOCK EXCHANGE

**EXECUTIVE OFFICES :**

4646 Dufferin Street, Downsview, Ontario M3H 5S6

**ANNUAL MEETING :**

4646 Dufferin Street, Downsview, Ontario, Canada  
Wednesday, May 22, 1974  
at 9 a.m. Toronto Time

*Braemore*

**ANNUAL REPORT 1973**

**HOUSE OF BRAEMORE FURNITURE LIMITED**

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**DIRECTORS:**

MORRIS WEINER  
HARVEY K. WEINER  
ERNEST FINE  
J. A. GELLER, Q.C.  
M. Z. MANDELL

**OFFICERS:**

MORRIS WEINER, Chairman of the Board  
HARVEY K. WEINER, President  
and General Manager  
ERNEST FINE, Vice-President,  
and Secretary-Treasurer

**TRANSFER AGENTS  
AND REGISTRAR:**

CROWN TRUST COMPANY

**BANKERS:**

CANADIAN IMPERIAL BANK OF COMMERCE

**AUDITORS:**

JORDAN AND JORDAN AND HERLICK

**EXECUTIVE OFFICES:**

4646 Dufferin Street, Downsview, Ontario M3H 5S6

**ANNUAL MEETING:**

4646 Dufferin Street, Downsview, Ontario, Canada  
Thursday, October 25, 1973 at  
9 a.m., Toronto Time

## REPORT OF THE PRESIDENT

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The financial statements for the year ended June 30, 1973 which form part of this report indicate that your Company has experienced the most successful year in its history.

Sales increased 26% from \$7.1 millions in 1972 to \$8.9 millions in 1973 while profits after tax increased from \$325,000 in 1972 to \$528,000 in this period. Working capital increased from \$1.4 million to \$1.9 million, and is adequate for the foreseeable requirements of the Company.

Because of the excellent results achieved, and the financial strength of your Company, the Board of Directors have declared a dividend of 25 cents in respect of the current fiscal year, which will be paid on October 19, 1973 to shareholders of record as at the close of business on October 5, 1973. We trust that this will be the first of many dividends to our shareholders.

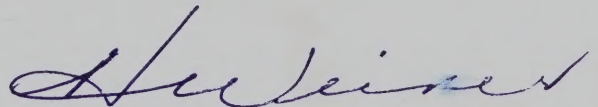
Our backlog of orders remains very heavy. The upholstery plant at Calgary, Alberta, opened only one year ago has now moved into a manufacturing facility, twice the size of the original plant. Support from dealers in Western Canada is very strong and continued growth from this area is anticipated.

Our case goods plant at Hespeler, Ontario is producing at peak capacity and we feel that the labor strike encountered this summer should not materially affect the sales or earnings of this plant for the current period.

The main upholstering plant as well as the frame plant have healthy backlogs and are responding to the product demand by increased production.

The outlook for this year is most encouraging. Despite the shortages of raw material, the inflationary spirals that accompany such shortages and the continued shortage of a skilled labor force, we observe a continuing strong consumer demand for our products. Family formations and residential construction, both barometers of our market place, are in rapid growth patterns and we anticipate that increased volume for our Company will be attained this year.

The aim of your Company has been, and will continue to be one of aggressively seeking sound profitable growth within the Canadian home furnishings industry. We are confident of our ability to continue in this pattern.



September 26, 1973

Harvey K. Weiner  
*President*

**CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 1973**

(With Comparative Figures as at June 30, 1972)

**ASSETS**

<b>CURRENT ASSETS</b>	<b>1973</b>	<b>1972</b>
Accounts Receivable .....	\$1,806,076	\$1,554,326
Inventories (lower of cost or net realizable value) (Note 1) .....	2,041,305	1,552,933
Prepaid Expenses and Sundry Assets ....	67,274	83,388
	<u>\$3,914,655</u>	<u>\$3,190,647</u>
 FIXED ASSETS (Note 2) .....	 505,067	 436,567
Deferred Charges .....	3,000	35,091
Deferred Taxes .....	—	9,836
Excess of Acquisition Cost over net Book Value	636,652	636,652
Incorporation Expense .....	2,210	2,210
	<u>\$5,061,584</u>	<u>\$4,311,003</u>

APPROVED ON BEHALF OF THE BOARD:

H. WEINER, Director

M. WEINER, Director

TO BE READ V

AUDITOR

To the Shareholders of  
House of Braemore Furniture Limited  
4646 Dufferin Street, Downsview, Ontario

Gentlemen:

We have examined the Consolidated Balance Sheet of House of Braemore Furniture Limited and its wholly owned subsidiary as at June 30, 1973 and the related Consolidated Statements of Operations and Retained Earnings and Source and Use of Funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

TORONTO, September 10, 1973

## LIABILITIES

### CURRENT LIABILITIES

	<u>1973</u>	<u>1972</u>
Bank Indebtedness (Note 4) .....	\$ 870,163	\$ 891,231
Accounts Payable and Accrued Liabilities .	748,741	624,472
Income Taxes .....	370,618	198,267
Current Portion of Long Term Debt .....	—	80,664
Deferred Taxes (Note 3) .....	<u>168</u>	<u>\$1,794,634</u>

### SHAREHOLDERS' EQUITY

#### CAPITAL STOCK (Note 5)

Authorized: 1,500,000 Common Shares  
without par value

Issued and fully paid 654,900 (1972 - 649,500)	1,306,161	1,279,160
Retained Earnings .....	<u>1,765,733</u>	<u>1,237,209</u>
	<u>\$3,071,894</u>	<u>\$2,516,369</u>
	<u>\$5,061,584</u>	<u>\$4,311,003</u>

OUR REPORT

REPORT

In our opinion, these Consolidated Financial Statements present fairly the financial position of the companies as at June 30, 1973, and the results of their operations and the Source and Use of their Funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,  
JORDAN and JORDAN and HERLICK  
Chartered Accountants

# **CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS FOR THE YEAR ENDED JUNE 30, 1973**

(With Comparative Figures for the Year Ended June 30, 1972)

	<b>1973</b>	<b>1972</b>
Sales .....	<b>\$8,969,021</b>	\$7,105,343
Cost of Sales, Selling, General and Administrative Expenses .....	<b>7,866,211</b>	6,392,970
Profit Before Interest on Long Term Debt and Depreciation .....	<b>1,102,810</b>	712,373
Interest on Long Term Debt .....	<b>—</b>	6,973
Depreciation .....	<b>78,526</b>	62,896
	<b>78,526</b>	69,869
Profit Before Taxes on Income .....	<b>1,024,284</b>	642,504
Income Taxes .....	<b>495,760</b>	317,122
Net Profit .....	<b>528,524</b>	325,382
Retained Earnings — Beginning of Year .....	<b>1,237,209</b>	911,827
Retained Earnings — End of Year .....	<b>\$1,765,733</b>	\$1,237,209
Earnings per share .....	<b>.81¢</b>	.50¢
Earnings per share fully diluted .....	<b>.80¢</b>	.50¢

## **CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS FOR THE YEAR ENDED JUNE 30, 1973**

(With Comparative Figures for the Year Ended June 30, 1972)

### **SOURCE OF FUNDS**

	<b>1973</b>	<b>1972</b>
Net Profit .....	<b>\$ 528,521</b>	\$ 352,382
Depreciation .....	<b>78,526</b>	62,896
Amortization of Deferred charges .....	<b>32,091</b>	5,504
Stock Options Exercised .....	<b>27,000</b>	18,000
Deferred Income Taxes .....	<b>10,004</b>	—
	<b>676,142</b>	411,782

### **USE OF FUNDS**

Fixed Assets .....	<b>147,022</b>	45,406
Deferred Income Taxes .....	<b>—</b>	5,664
Long Term Debt .....	<b>—</b>	80,460
	<b>147,022</b>	131,530
Resulting in an increase of Working Capital .....	<b>529,120</b>	280,252
Working Capital — Beginning of Year .....	<b>1,396,013</b>	1,115,761
Working Capital — End of Year .....	<b>\$1,925,133</b>	\$1,396,013

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 1973

## PRINCIPLES OF CONSOLIDATION

The accompanying financial statements include the accounts of the company and its wholly owned subsidiary, The Hespeler Furniture Company Limited on a consolidated basis.

## NOTE 1. INVENTORIES

Inventories are valued at the lower of cost or net realizable value and consist of the following.

	1973	1972
Raw Materials .....	\$1,208,887	\$ 693,175
Work in Progress .....	298,982	265,842
Finished Goods .....	533,436	593,916
	<u>\$2,041,305</u>	<u>\$1,552,933</u>

## NOTE 2. FIXED ASSETS

	Cost or Appraised Value	Accumulated Depreciation	Net Investment 1973	Net Investment 1972
Land .....	\$ 1,342	\$ —	\$ 1,342	\$ 1,342
Building .....	307,893	73,745	234,148	217,073
Machinery and Equipment .....	586,848	353,025	233,823	189,208
Leasehold Improvements .....	42,249	14,532	27,717	25,388
Automotive .....	15,404	7,367	8,037	3,516
	<u>\$953,736</u>	<u>\$448,669</u>	<u>\$505,067</u>	<u>\$436,527</u>

## NOTE 3. INCOME TAXES

Income Taxes have been decreased by \$10,004 as a result of the Company's policy in claiming capital cost allowances in excess of depreciation recorded in the records of the Company.

## NOTE 4. BANK INDEBTEDNESS

Bank Indebtedness is secured by a general assignment of accounts receivable.

## NOTE 5. CAPITAL STOCK

During the year employees exercised their options on 5400 common shares. As at June 30, 1973 employees held options on 3500 common shares exercisable prior to October 3, 1973 at \$5 per share.

## NOTE 6. PENSION PLAN

Hourly-paid employees at the BRAEMORE plant in Toronto are covered by a non-contributory joint industry-union pension plan. The costs of such a plan are charged against current operations. As at June 30, 1973 there was an amount of \$2,716 owing for current benefits which amount was discharged in July 1973.

## NOTE 7. LEASES

Minimum Annual Rental Cost under lease agreements (exclusive of taxes, insurance and maintenance costs) which extend more than five years from June 30, 1973 aggregate as follows:

1974-1979 ..... \$99,000

## NOTE 8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The total remuneration paid or payable by the Company and its subsidiary to its directors and senior officers amounted to \$276,707.

*Elegant Furniture for the Home*

## REPORT OF THE PRESIDENT

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We are pleased to present our Annual Report covering the period from July 1, 1973 to December 29, 1973. Subject to the approval of the shareholders our company and its subsidiaries will change their fiscal year end from June 30, to the last Saturday in December of each year, commencing with December 29, 1973.

Corporate sales increased 4% from \$4,263,000 to \$4,428,000 despite a lengthy labour strike at our case goods plant at Hespeler which lasted from late June until early August, 1973. We have now reached satisfactory agreements with both of our labour unions with contract expiry dates of 1975.

Earnings after taxes for the six months under review increased from \$247,000 in 1972 to \$284,000 in the current period and your Board was pleased to pay the first dividend ever declared by your Company of 25 cents a share which was paid on October 29, 1973.

Subsequent to the period ended December 29, 1973, your company has undergone a considerable corporate change, basic details of which have been announced through the media. Your company has purchased the furniture operations of Strathearn House Group Limited, consisting of Emanuel Products Limited, Troister Limited and Singer Lighting Limited, and also acquired the assets and business of Standard Upholstery Company.

Emanuel Products Limited, is Canada's leading manufacturer of television and stereo cabinets and together with its subsidiaries, COSF Products Limited and Roti-Wood Products (Fergus) Limited, will add great strength and flexibility to the case goods operations of our subsidiary, The Hespeler Furniture Company Limited.

Standard is a major manufacturer of lower to medium priced upholstered furniture and Troister Limited is a well established manufacturer of upholstered furniture in the medium to high price range, whose products are widely accepted by retailers and consumers from coast to coast. The combination of the products of these companies with quality lines of House of Braemore will give your company a powerful position in the upholstered market.

Singer Lighting Limited will supply substantial coverage in the field of home accessories.

All of the acquisitions are well managed, profitable operations, and we are indeed fortunate that the management teams have not changed as a result of these acquisitions and are in fact working strenuously together to integrate their efforts in unison. We feel that we have the strongest management team available in the Canadian furniture industry, and that this strength will manifest itself in future growth.

Forming part of this statement is an unaudited pro-forma balance sheet reflecting the state of your company after the above acquisitions have been made.

Despite the inflationary spiral that prevails in the country, demand for our products remain very strong. All plants are heavily backlogged and are operating profitably. Facilities are being expanded to cope with this increasing demand and our expectation for the current year are for continued growth and corresponding profitability.

On January 1, 1974 Morris Weiner retired as Chairman of the Board after serving the company for over 40 years. His sound judgement, and devoted and untiring efforts were major factors leading to the continued profitable growth that Braemore has enjoyed to this date.

We wish him well in his retirement.



April 25, 1974

Harvey K. Weiner  
President

## CONSOLIDATED BALANCE SHEET

### ASSETS

	Dec. 29 1973	Unaudited Dec. 31 1972	June 30 1973
<b>CURRENT ASSETS</b>			
Accounts Receivable . . . . .	\$2,137,367	\$1,746,386	\$1,806,076
Inventories (Note 2) . . . . .	2,213,323	1,431,589	2,041,305
Prepaid Expenses and Sundry Assets . . . . .	30,028	66,055	67,274
	<u>\$4,380,718</u>	<u>\$3,244,030</u>	<u>\$3,914,655</u>
 FIXED ASSETS (Note 3) . . . . .	 508,860	 469,333	 505,067
Deferred Charges . . . . .	—	34,557	3,000
Deferred Taxes . . . . .	—	9,397	—
Excess of Acquisition Cost over net Book Value . . . . .	636,652	636,652	636,652
Incorporation Expense . . . . .	2,210	2,210	2,210
	<u>\$5,528,440</u>	<u>\$4,396,179</u>	<u>\$5,061,584</u>

APPROVED ON BEHALF OF THE BOARD :

H. WEINER, Director

W. SINGER, Director

AUDIT

To the Shareholders of  
House of Braemore Furniture Limited  
4646 Dufferin Street, Downsview, Ontario

Gentlemen :

We have examined the Consolidated Balance Sheet of House of Braemore Furniture Limited and its wholly owned subsidiary as at December 29, 1973, (Note 1) and the related Consolidated Statements of Earnings and Retained Earnings and Source and Application of Funds for the period then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

TORONTO, April 18, 1974

## LIABILITIES

<b>CURRENT LIABILITIES</b>	<b>Dec. 29 1973</b>	<b>Unaudited Dec. 31 1972</b>	<b>June 30 1973</b>
Bank Indebtedness (Note 4) . . . . .	\$1,435,024	\$ 815,048	\$ 870,163
Accounts Payable and Accrued Liabilities . . . . .	678,086	594,960	748,741
Income Taxes . . . . .	202,674	143,207	370,618
Current Portion of Long Term Debt . . . . .	<u>—</u>	<u>70,000</u>	<u>—</u>
	<b>\$2,315,784</b>	<b>\$1,623,215</b>	<b>\$1,989,522</b>
Deferred Income Taxes (Note 5) . . . . .	5,877	—	168
 <b>SHAREHOLDER'S EQUITY.</b>			
<b>CAPITAL STOCK (Note 6)</b>			
Authorized 1,500,000 common shares without par value			
Issued and fully paid 657,900 (June 1973—654,900) (December 1972—651,500) . . . . .	1,321,161	1,289,161	1,306,161
Retained Earnings . . . . .	<u>1,885,618</u>	<u>1,483,803</u>	<u>1,765,733</u>
	<b><u>\$5,528,440</u></b>	<b><u>\$4,396,179</u></b>	<b><u>\$5,061,584</u></b>

## REPORT

In our opinion, these Consolidated Financial Statements present fairly the financial position of the companies as at December 29, 1973, and the results of their operations and the Source and Application of their Funds for the period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,  
JORDAN and JORDAN and HERLICK  
Chartered Accountants

## CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

	6 months Dec. 29, 1973	Unaudited 6 months Dec. 31, 1972	12 months June 30, 1973
Sales . . . . .	\$4,428,062	\$4,263,816	\$8,969,021
Cost of Sales, General and Administrative Expenses . . . . .	<u>3,895,220</u>	<u>3,792,221</u>	<u>7,866,211</u>
Earnings Before Depreciation . . . . .	532,842	471,595	1,102,810
Depreciation . . . . .	<u>40,228</u>	<u>35,822</u>	<u>78,526</u>
Earnings Before Taxes on Income . . . . .	492,614	435,773	1,024,284
Income Taxes . . . . .	<u>208,254</u>	<u>189,182</u>	<u>495,760</u>
Net Earnings . . . . .	284,360	246,591	528,524
Dividend Paid . . . . .	<u>164,475</u>	<u>—</u>	<u>—</u>
	119,885	246,591	528,524
Retained Earnings—Beginning of Period . . . . .	<u>1,765,733</u>	<u>1,237,209</u>	<u>1,237,209</u>
Retained Earnings—End of Period . . . . .	<u>\$1,885,618</u>	<u>\$1,483,800</u>	<u>\$1,765,733</u>
Earnings per Share . . . . .	.43¢	.38¢	.80¢

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	6 months Dec. 29, 1973	Unaudited 6 months Dec. 31, 1972	12 months June 30, 1973
<b>SOURCE OF FUNDS</b>			
Net Earnings . . . . .	\$ 284,360	\$ 246,591	\$ 528,521
Depreciation . . . . .	40,228	35,822	78,526
Amortization of designs . . . . .	3,000	—	—
Amortization of Finance Charges . . . . .	—	535	—
Amortization of Deferred Charges . . . . .	—	—	32,091
Stock Options Exercised . . . . .	15,000	10,000	27,000
Deferred Income Taxes . . . . .	<u>5,709</u>	<u>439</u>	<u>10,004</u>
	348,297	293,387	676,142
<b>APPLICATION OF FUNDS</b>			
Fixed Assets . . . . .	44,020	68,586	147,022
Dividend . . . . .	<u>164,475</u>	<u>—</u>	<u>—</u>
Resulting in an increase of Working Capital . . . . .	139,802	224,801	529,120
Working Capital—Beginning of period . . . . .	<u>1,925,132</u>	<u>1,396,013</u>	<u>1,396,013</u>
Working Capital—End of Period . . . . .	<u>\$2,064,934</u>	<u>\$1,620,814</u>	<u>\$1,925,133</u>

# A GRAPHICAL REPORT FOR THE FIVE FISCAL YEARS ENDED JUNE 30TH, 1969 TO 1973

## NOTE

### PRINCIPAL

The accompanying  
sidiary,

### NOTE 1.

The fiscal year  
December

### NOTE 2.

Inventories

Raw  
Work  
Finis

### NOTE 3.

Land . . .  
Building  
Machinery  
Leasehold  
Automobile

### NOTE 4.

Bank In

### NOTE 5.

Income  
allowance

### NOTE 6.

During  
there was

### NOTE 7.

Minimum  
which is

### NOTE 8.

The total  
\$104,000

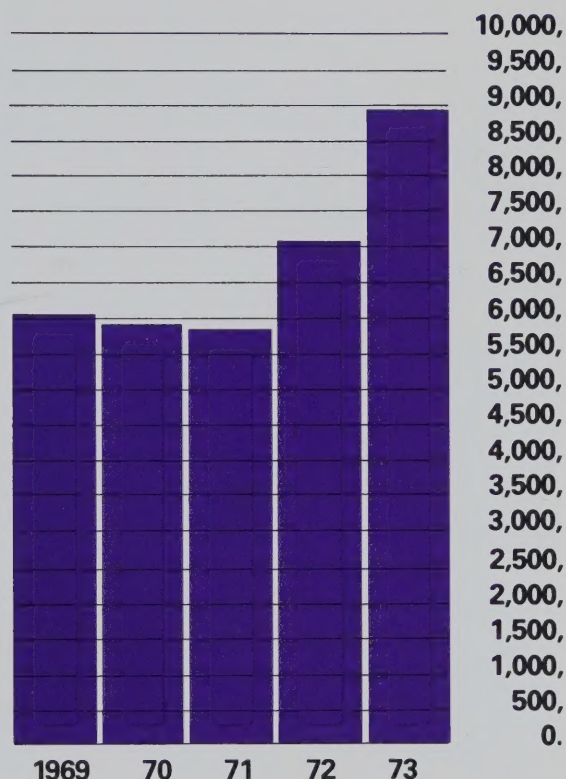
### NOTE 9.

On January  
Lighting  
note payable  
the previous

On April  
\$2,833,  
promissory  
promissory  
interest  
holders  
at any time

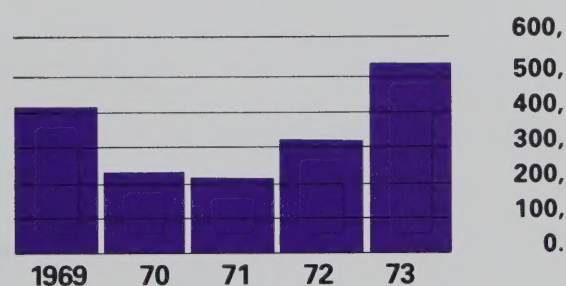
## SALES

THOUSANDS OF DOLLARS



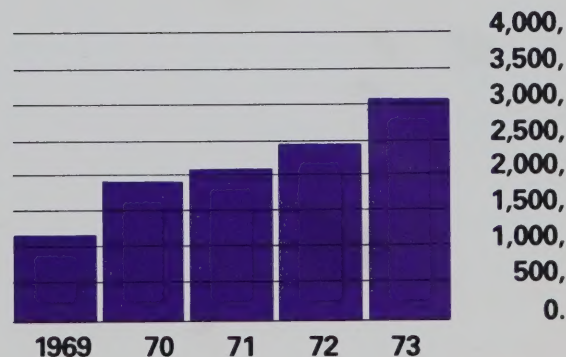
## EARNINGS (after taxes)

THOUSANDS OF DOLLARS



## SHAREHOLDERS' EQUITY

THOUSANDS OF DOLLARS



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### PRINCIPLES OF CONSOLIDATION

The accompanying financial statements include the accounts of the company and its wholly owned subsidiary, The Hespeler Furniture Company Limited on a consolidated basis.

### NOTE 1.

The fiscal year has been changed from June 30th to the last Saturday of December commencing with December 29, 1973, subject to the approval of the shareholders.

### NOTE 2. INVENTORIES

Inventories are valued at the lower of cost or net realizable value and consist of the following:

	Dec. 29 1973	June 30 1973
Raw Materials . . . . .	\$1,649,985	\$1,208,887
Work in Progress . . . . .	241,211	298,982
Finished Goods . . . . .	322,127	533,436
	<u>\$2,213,323</u>	<u>\$2,041,305</u>

	Cost or Appraised Value	Accumulated Depreciation	Net Value Dec. 29, 1973	Net Value June 30, 1973
<b>NOTE 3. FIXED ASSETS</b>				
Land . . . . .	\$ 1,342	\$ —	\$ 1,342	\$ 1,342
Building . . . . .	313,686	79,744	233,942	234,148
Machinery and Equipment . . .	609,799	380,366	229,433	233,823
Leasehold Improvements . . .	45,637	17,736	27,901	27,717
Automotive . . . . .	26,817	10,575	16,242	8,037
	<u>\$997,281</u>	<u>\$488,421</u>	<u>\$508,860</u>	<u>\$505,067</u>

### NOTE 4. BANK INDEBTEDNESS

Bank Indebtedness is secured by a general assignment of accounts receivable.

### NOTE 5. INCOME TAXES

Income Taxes have been decreased by \$5,580 as a result of the Company's policy in claiming capital cost allowances in excess of depreciation recorded in the records of the Company.

### NOTE 6. CAPITAL STOCK

During the period employees exercised their options on 3000 common shares. As at December 29, 1973 there were no options outstanding.

### NOTE 7. LEASES

Minimum Annual Rental Cost under lease agreements (exclusive of taxes, insurance and maintenance costs) which extend more than five years from December 29, 1973 aggregate as follows:

1974-1979 . . . . . \$99,000

### NOTE 8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The total remuneration paid or payable by the Company to its directors and senior officers amounted to \$104,028.

### NOTE 9. SUBSEQUENT EVENTS

On January 3, 1974, the Company purchased all of the capital stock of Emanuel Products Ltd., Singer Lighting Co. Limited and Troister & Company Limited for 657,900 common shares of the Company and a note payable to the vendor, Strathearn House Group Limited of \$555,000. In addition, the Company assumed the previous debts of the purchased companies to Strathearn House Group Limited totalling \$1,250,000.

On April 3, 1974, the Company purchased the net assets and business of Standard Upholstery Company for \$2,833,000 financed by the issue of 250,000 common shares at \$5.00, and a three-year non-interest bearing promissory note in the amount of \$83,000. In addition the Company borrowed \$1,500,000 by way of promissory notes bearing interest at the rate of one percent (1%) over Canadian chartered bank prime rate of interest and maturing in five years. These notes have annexed thereto subscription warrants permitting the holders to subscribe for an aggregate of 75,000 treasury shares of the Company at a price of \$5.00 per share at any time during the maturity of the notes.

**UNAUDITED PRO-FORMA CONSOLIDATED BALANCE SHEET  
AS AT JANUARY 1, 1974**

**ASSETS**

<b>CURRENT ASSETS</b>	Thousands of dollars
Cash . . . . .	\$ 117
Accounts Receivable . . . . .	5,842
Inventories . . . . .	6,880
Prepaid Expenses . . . . .	158
	<u>\$12,997</u>
Investments . . . . .	104
Fixed Assets . . . . .	2,029
Deferred Taxes . . . . .	468
Deferred Charges . . . . .	22
Goodwill . . . . .	3,201
Incorporation expense . . . . .	4
	<u><u>\$18,825</u></u>

**LIABILITIES**

<b>CURRENT LIABILITIES</b>	
Bank Indebtedness . . . . .	\$ 4,234
Accounts Payable . . . . .	2,552
Income Tax . . . . .	271
Due to Strathearn House Group Ltd. (Note 1) . . . . .	1,805
	<u>\$ 8,862</u>
Promissory notes (Note 2) . . . . .	1,583
Capital Stock . . . . .	6,494
Retained Earnings . . . . .	1,886
	<u><u>\$18,825</u></u>

The pro-forma Consolidated Balance Sheet, gives effect to the following transactions, which occurred as at December 31, 1973.

1. The purchase of all the capital stock of Emanuel Products Limited, Singer Lighting Co. Limited and Troister & Company Limited for 657,900 common shares of the Company and a note payable to the vendor, Strathearn House Group Limited of \$555,000. In addition Braemore assumed the previous debts of the purchased companies to Strathearn House Group Limited of \$1,250,000.
2. The purchase of Standard Upholstery Company for \$2,833,000 financed by the issue of 250,000 common shares at \$5.00, and a three-year non-interest bearing promissory note in the amount of \$83,000. In addition the Company borrowed \$1,500,000 by way of promissory notes bearing interest at the rate of one percent (1%) over Canadian chartered bank prime rate of interest and maturing five years. These notes have annexed thereto subscription warrants permitting the holders to subscribe for an aggregate of 75,000 treasury shares of Braemore at a price of \$5.00 per share at any time during the maturity of the notes.

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